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POLICY BRIEF

Is OPEC Membership Still in Nigeria's Economic Interest?

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Introduction

In recent years, three members have chosen to leave the Organisation of the Petroleum Exporting Countries (OPEC), each concluding that quota-based supply restraint had come into conflict with its own national priorities. After nearly 60 years of membership, Qatar exited OPEC on 1 January 2019 to develop and increase its liquefied natural gas production (the resource in which its comparative advantage lay) from *77 million tonnes per year to 110 million tonnes*, rather than remain a small player in an oil cartel.[1]

Angola left OPEC on 1 January 2024, arguing it gained little from remaining in the organisation and that its proposals were having no effect, particularly after objecting to the OPEC+ decision to assign it a production quota of 1.11 million barrels per day (bpd), below the 1.18 million bpd it had proposed. Following its departure, Angola stated it would pursue increased oil production, counter natural decline, and stabilise output rather than remain bound by OPEC production targets.[2]

Most consequentially, the *United Arab Emirates formally exited OPEC and the wider OPEC+ alliance on May 1st, 2026*, ending a membership held since 1967. The underlying tension was one of capacity against allocation: *Emirati crude capacity* had reached roughly 4.85 million barrels per day against an OPEC+ allocation of about 3.45 million bpd. More broadly, UAE policymakers appear to have judged that low-cost producers should increase exports while global demand remains strong before electrification, renewable energy growth, climate policies, and shifting consumption trends erode future demand growth.[3]

The three exits differ in detail: Qatar turned from oil to gas, Angola sought to reverse a long decline in output, and the UAE wanted to use capacity it had already built. What they share is a judgement that the quota had come into conflict with their national priorities.

Nigeria's position echoes each of them in part. Like Angola, it is a producer recovering from years of falling output, and official NUPRC figures show that crude production met or slightly exceeded the 1.5 million bpd quota in several months of 2026.

Like the UAE, it has produced far above that level in the past and faces the same prospect of weaker demand growth after 2030. Like Qatar, it is redirecting its energy strategy, with refining capacity expanding rapidly. Nigeria is not identical to any of them, but their experience raises a fair question: does quota-bound membership still serve Nigeria's economic interests?

This brief contrasts the economic rationale for Nigeria's 1971 accession with its 2026 realities and asks whether a planned, sequenced departure would better serve its long-term developmental and energy-security interests.

Why Nigeria Initially Joined OPEC in 1971

Nigeria joined OPEC on 12 July 1971, becoming its eleventh member under the administration of Yakubu Gowon. Following the 1956 discovery of oil and the end of the Nigerian Civil War, the country sought greater sovereignty over its natural resources at a time when multinational oil companies largely dictated production, pricing, and concession terms. Nigeria was also earning significantly lower government revenue per barrel than comparable producers such as Libya, despite producing similar-quality crude. Membership therefore became a strategic means of improving petroleum taxation, raising state revenues, and strengthening the country's bargaining power. It aligned Nigeria with other developing oil-exporting nations pursuing resource sovereignty and avoided the "free-rider" position of benefiting from OPEC's collective gains without contributing to them.[4]



[1] Brookings Institution. (2018, December 7). Qatar breaks up with OPEC: It's not you, it's me. https://www.brookings.edu/articles/qatar-breaks-up-with-opec-its-not-you-its-me/; and Al Jazeera. (2018, December 3). Qatar to withdraw from OPEC in January 2019. https://www.aljazeera.com/economy/2018/12/3/qatar-to-withdraw-from-opec-in-january-2019
[2] Embaixada de Angola na África do Sul. (n.d.). Angola sai da OPEP. Portal Oficial da Missão Diplomática. https://africadosul.mirex.gov.ao/web/noticias/angola-sai-da-opep
[3] Emirates News Agency. (2026, April 28). UAE announces decision to exit OPEC & OPEC+. https://www.wam.ae/en/article/bzxzuh7-uae-announces-decision-exit-opec-opec%2B; and Middle East Council on Global Affairs. (2026, June 17). The UAE's exit from OPEC: When politics and oil mix. https://mecouncil.org/publication/the-uaes-exit-from-opec-when-politics-and-oil-mix/
[4] Nwankwo, G. O. (1982). Nigeria and OPEC: To be or not to be? CBN Economic and Financial Review, 20(1), 6

Macroeconomic Variable	1971 baseline (Year Nigeria joined OPEC)	Latest available Year varies by Indicator (mostly 2024–2026)
Crude Oil Output	2.054 million bpd [1973]	1.53 million bpd [September 2026]
Refining Capacity	Port Harcourt Refinery I 60,000 bpd	Total Nameplate Capacity: 1,095,000 bpd Operational Capacity: 650,000 bpd
Petrol Price (PMS)	₦0.06 per litre [1973]	₦1,596 per litre [May 2026] [5]
Population Size	57.214 million people [1971]	237.527 million people [2025]
Real GDP	$115.47 billion [1971]	$562.59 billion [2025]
GDP Growth Rate	Annual GDP Growth: 14.24% [1971]	Annual GDP Growth: 4% [2025]
Real GDP Per Capita	US$2,018.2 [1971]	US$1,224.3 [2025]
Oil Sector Contribution to GDP	17% of GDP [1971]	3.53% of real GDP [2025]
Oil Sector Contribution to Exports	74% of Merchandise Exports [1971]	89% of Merchandise Exports [2024]
Exchange Rate	₦0.713 per $1 [Fixed FX Regime]	₦1,369 per $1 [Managed Float Regime] [1st July 2026]
Public Debt/National Debt	External Debt of $960 million [₦684 million at ₦0.713 per $1]	Total Public Debt of $110.973 billion [Dec 31, 2025] [₦159.28 trillion at ₦1,435 per $1]
Debt Servicing Cost	External Debt Service: $94.468 million [₦67.357 million at ₦0.713 per $1]	Total Debt Service: ₦15.909 trillion [FGN Budget 2026] [$11.548 billion at ₦1,369 per $1]
Inflation Rate	Annual Inflation: 16% [1971]	Headline Inflation (YoY): 14.63% [September 2026]
Balance of Payments (Current Account)	Current Account Deficit: -US$1.02 billion [1971]	Current Account Surplus: US$17.22 billion [2024]

Foreign Direct Investment (FDI)	FDI Net Inflows: US$286 million [1971]	FDI Net Inflows: US$1.08 billion [2024]
Economic Structure	Transitioning from an agrarian to an oil-dependent economy	Highly oil-dependent economy despite diversification efforts
Macroeconomic Rationale for OPEC Membership	OPEC membership enabled Nigeria to maximise oil revenues for post–civil war reconstruction and industrialisation	Price-coordination benefits remain, but quotas, debt burdens, domestic refining demands, population pressures, and energy-transition risks increasingly complicate the original rationale.

Table 1: Changes in Macroeconomic Variables: Nigeria (1971 vs. 2026)
Sources: Author's Computation with data from World Bank, CBN, Budget Office of the Federation, DMO, Macrotrends

Table 1 illustrates the extent of Nigeria's economic transformation since 1971. Oil was then a fast-growing sector alongside a still-vibrant agricultural base. By 2026, it accounted for only 3.53% of real GDP yet generated 89% of merchandise exports, highlighting the economy's continued dependence on petroleum for foreign exchange. Over the same period, the naira fell from about ₦0.713 to over ₦1,369 per US dollar, and the petrol price rose from ₦0.06 per litre to approximately ₦1,596, reflecting exchange-rate depreciation, subsidy removal and inflation. In 1971, Nigeria's interests matched OPEC's objective of maximising prices through supply restraint, because it exported crude with limited domestic consumption. Today it needs higher volumes to earn foreign exchange, supply domestic refineries, meet the energy needs of a far larger population and finance a debt-constrained budget. OPEC quotas therefore create a growing tension between cartel discipline and Nigeria's domestic developmental needs.

[5] Nwankwo, G. O. (1982). Nigeria and OPEC: To be or not to be? CBN Economic and Financial Review, 20(1), 6–13. https://dc.cbn.gov.ng/efr/vol20/iss1/2/

Why Nigeria Should Consider Leaving OPEC

Growing Population and Energy Consumption

Nigeria's demographic trajectory alone makes OPEC's production constraint increasingly untenable. The United Nations projects that Nigeria's population will reach 359 million by 2050, placing the country on a path to becoming the world's fifth most populous nation.[6]With a current population exceeding 237 million and a median age of just 18.3, the country houses a rapidly expanding base of consumers and businesses that depend heavily on diesel and petrol generators for electricity and on petrol-fuelled vehicles for transport.

Domestic oil consumption has been rising steeply, almost doubling from about 280,000 bpd in 2010 to 493,000 bpd by 2024.[7]At this pace, internal demand could exceed 800,000 bpd by 2035, sharply compressing the net export surplus of 1.07 million bpd shown in Table 3. An estimated 90 million Nigerians lack access to grid electricity, forcing firms and households to rely on liquid-fuel generators, a structural demand that will persist until electricity supply stabilises.[8]

Without higher production, that surplus will steadily disappear, threatening the foreign-exchange earnings that underpin about 89% of merchandise exports. Nigeria risks becoming a net energy importer not because its reserves are depleted but because the quota stops it meeting its own needs. Whether the quota actually binds is examined under Counterargument 1.



[6] United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects 2024: Total population by sex — Nigeria, 1990–2050 [Data set], UN Population Division Data Portal, retrieved September 14, 2026, from https://population.un.org/dataportal/data/indicators/49/locations/566/start/1990/end/2050/bar/barvertical
[7] Worldometers. (2025). Nigeria oil: Reserves, production and consumption statistics. https://www.worldometers.info/oil/nigeria-oil/
[8] Rocky Mountain Institute. (2023). Sharing the power in Nigeria. Rocky Mountain Institute. https://rmi.org/app/uploads/2023/09/RMI_FY24_electricity_overview.pdf

Nigeria Cannot Sustain the Gulf's Rentier Model

Oil-producing states occupy three positions on a single spectrum. At one end sit the rentier exporters (the Gulf monarchies and Norway), whose per capita reserves are so deep and domestic demand so slight that restraining supply to lift prices swells state revenue while imposing relatively little cost domestically. At the other end are the net importers, such as China, India, and Japan, for whom higher oil prices squeeze household budgets, raise business production costs and widen the import bill. In the middle are the consumer-producers: countries with significant oil output but domestic markets large enough that oil functions not only as an export but also as an input whose price is a cost to the wider economy. Two measures locate a country on this spectrum: its oil reserve base relative to its population and its export surplus relative to domestic consumption. On both measures, Nigeria is currently a consumer-producer and is steadily moving toward becoming a net importer.

#	Country	Proven Reserves (bbl)	Population	Share of Reserves	Share of Population	Abundance Index	Reserves per Capita (bbl)	vs. World Average	Category
1	Kuwait	101,500,000,000	5,102,773	5.75%	0.06%	5.69%	19,891	93.5×	Rentier Exporters
2	United Arab Emirates	113,000,000,000	11,574,682	6.40%	0.14%	6.26%	9,763	45.9×	
3	Qatar	25,244,000,000	3,173,559	1.43%	0.04%	1.39%	7,954	37.4×	
4	Saudi Arabia	267,230,000,000	35,165,787	15.14%	0.42%	14.72%	7,599	35.7×	
5	Norway	6,912,490,000	5,652,989	0.39%	0.07%	0.32%	1,223	5.7×	
6	Algeria	12,200,000,000	48,028,334	0.69%	0.58%	0.11%	254	1.19×	Consumer Producers
7	United States	83,729,430,000	349,035,494	4.74%	4.20%	0.54%	240	1.13×	
8	**Nigeria**	**37,500,000,000**	**242,431,832**	**2.12%**	**2.92%**	**−0.80%**	**155**	**0.73×**	
9	Brazil	15,894,160,000	213,562,666	0.90%	2.57%	−1.67%	74	0.35×	
10	Angola	2,550,000,000	40,215,179	0.14%	0.48%	−0.34%	63	0.30×	
11	Egypt	3,300,000,000	120,101,175	0.19%	1.45%	−1.26%	27	0.13×	Net Importers
12	China	28,182,000,000	1,412,914,089	1.60%	17.02%	−15.4%	20	0.094×	
13	India	4,980,857,000	1,476,625,576	0.28%	17.79%	−17.5%	3.4	0.016×	
14	Japan	44,115,000	122,427,731	0.00%	1.47%	−1.47%	0.36	0.0017×	
15	South Africa	15,000,000	65,453,084	0.00%	0.79%	−0.79%	0.23	0.0011×	
T	**World**	**1,765,151,568,000**	**8,313,780,000**	**100%**	**100%**	**0**	**212**	**1**	

Table 2: Crude Oil Abundance Index and Reserves per Capita (Selected Comparators)
World Average Ratios recomputed using a single constant of ~212 barrels per person (World Avg. = 1.765 tn bbl ÷ 8.31 billion people).
Sources: Author's Computation with data from Worldometers oil reserves (2025a)[9] and Worldometers population (2025b)[10]

The first test is the reserve base. Nigeria holds roughly 155 barrels of proven reserves per citizen (0.73 times the world average of about 212 barrels). The United States, a consumer-producer like Nigeria, holds 240 barrels per person (or 1.13 times the world average). Saudi Arabia, a rentier producer, by contrast, holds 7,599 barrels per person: almost 49 times Nigeria's depth, while Kuwait's reserves per capita reach 94 times the world average. Nigeria therefore lacks the reserve cushion that allows the Gulf's rentier model to absorb prolonged production restraint. The resource depth on which that strategy rests simply does not exist in Nigeria. Thin reserves might, on their own, argue for the opposite conclusion: that Nigeria should maximise the value of each remaining barrel through coordinated restraint. That logic holds only if the barrels retain their value. With global demand projected to plateau around 2030 and Nigeria's production costs well above the Gulf's, scarcity argues for extracting within the remaining window rather than deferring output into a weaker market, a point developed further below.

#	Country	Avg. Daily Production (bpd)	Avg. Daily Consumption (bpd)	Production–Consumption Surplus	Category
1	Kuwait	2,776,206	419,129	2,357,077	Rentier Exporters
2	United Arab Emirates	4,514,224	877,966	3,636,258	
3	Qatar	1,852,417	276,281	1,576,136	
4	Saudi Arabia	10,872,023	3,630,712	7,241,311	
5	Norway	2,006,874	234,358	1,772,516	
6	Algeria	1,380,787	457,331	923,456	Consumer Producers
7	United States	22,844,371	20,463,721	2,380,650	
8	**Nigeria**	**1,562,745**	**492,939**	**1,069,806**	
9	Brazil	4,277,066	3,268,781	1,008,285	
10	Angola	1,164,049	122,135	1,041,914	

[8] Worldometers. (2025a). Oil reserves by country. https://www.worldometers.info/oil/oil-reserves-by-country/
[9] Worldometers. (2025b). Population by country. https://www.worldometers.info/world-population/population-by-country/

11	Egypt	638,957	953,191	−314,234	Net Importers
12	China	5,334,336	16,370,536	−11,036,200	
13	India	952,481	5,598,890	−4,646,409	
14	Japan	102,252	3,140,328	−3,038,076	
15	South Africa	92,052	612,110	−520,058	

Table 3: Average Daily Oil Production and Consumption Surplus (2024)
Countries are ordered as in Table 2 to permit direct comparison. Full 24-country table at Annex B.
Sources: Author's computation with data from Worldometers oil production (2025c) [10]and Worldometers oil consumption (2025d) [11]

The second test is the flow: how much of its oil Nigeria can export after meeting its domestic needs. The telling number here is not the surplus but the consumption. Nigeria's 2024 production averaged about 1.56 million bpd, against consumption of roughly 493,000 bpd, leaving a production-consumption surplus of approximately 1.07 million bpd. That surplus, serving as exports critical to Nigeria's foreign-exchange earnings, is barely more than Kuwait's 419,000 and less than twice Qatar's 276,000, even though its population is roughly 87 times Kuwait's and 67 times Qatar's.

Yet the preceding discussion of population and energy consumption points to a structural problem: Nigeria's relatively low oil consumption is not evidence of modest energy needs but of suppressed demand caused by poverty and inadequate infrastructure. Cross-country analysis of energy use against income finds Nigeria the most underpowered country in the world because it consumes roughly 79% less than its income level alone would predict, a shortfall that poverty cannot explain on its own.[12] Some 86.8 million Nigerians lacked access to electricity in 2023, the largest deficit of any country, while 142.86 million (64% of the population) lived below the $4.20-a-day poverty line in 2022, unable to afford supply even where it exists.[13] Much of the demand is met by petroleum products rather than the grid: backup-generator capacity of 15–20 GW exceeds Nigeria's 5–15 GW of grid capacity.[14] As incomes rise and that pent-up demand is served, consumption will climb steadily.

This makes Nigeria's export surplus particularly valuable and particularly vulnerable. For the Gulf, holding back production means sacrificing a relatively small share of a very large export surplus. For Nigeria, it means giving up part of a much narrower export base on which the economy depends for foreign exchange. As domestic consumption rises, that export margin will narrow further unless production also increases. Therefore, Nigeria has neither the reserve cushion nor the export margin to trade substantial volumes for higher prices without imposing a significant opportunity cost.

[10] Worldometers. (2025c). Oil production by country. https://www.worldometers.info/oil/oil-production-by-country/
[11] Worldometers. (2025d). Oil consumption by country. https://www.worldometers.info/oil/oil-consumption-by-country/
[12] Moss, T., & Portelance, G. (2014). Do African countries consume less (or more) electricity than their income levels suggest? Center for Global Development. https://www.cgdev.org/blog/do-african-countries-consume-less-or-more-electricity-their-income-levels-suggest; See also Akanonu, P. (2019, November 7). How big is Nigeria's power demand? Energy for Growth Hub. https://energyforgrowth.org/article/how-big-is-nigerias-power-demand/

The same domestic market that makes Nigeria a heavy future consumer creates a second problem, this time on the price side rather than the volume side. For a highly export-oriented rentier exporter, higher crude prices generate substantial additional revenue while imposing relatively little direct cost on the domestic economy. Nigeria faces a more complicated arithmetic: higher oil prices increase government revenue, but they can also raise the cost of energy for Nigerian households and businesses. With petrol prices already reaching around ₦1,596 per litre in May 2026, Nigeria must balance the fiscal benefit of higher crude prices against their wider economic costs.

As a consumer-producer, Nigeria's interests may therefore align more closely with the stable, moderate prices preferred by major consuming economies than with price maximisation through supply restraint, a position that differs from that of the Gulf producers who have historically shaped OPEC's production strategy. Its objective is not simply the highest international price: it must also produce enough to earn foreign exchange, support investment and meet growing domestic demand. In this context, restricting output to support prices carries a larger opportunity cost for Nigeria than for producers with much deeper reserves and larger export cushions.

Brazil provides a useful precedent for this position, as it is Nigeria's closest match in the tables: an abundance index of −1.67 per cent, reserves at 0.35 times the world average, and an export surplus of 1.01 million barrels a day against Nigeria's 1.07 million. In 2024, Brazil's National Council for Energy Policy agreed to join the OPEC+ Charter of Cooperation, a standing forum for dialogue among oil-producing countries, but did not accept binding limits on its production.[15] Brazil's Minister of Mines and Energy explicitly confirmed that Brazil would not assume any binding obligations, such as production cuts, nor participate in decisions aimed at controlling oil production.[16] Brazil is therefore important not because it is identical to Nigeria, but because it demonstrates that a significant consumer-producer can participate in producer-country cooperation without accepting binding restrictions on output. It also weakens the argument that withdrawal would necessarily leave Nigeria without a seat in discussions on global oil markets and removes the free-rider worry that partly explained Nigeria's decision to join in 1971.



[13] Electricity data from World Bank, IEA, IRENA, UNSD & WHO. (2025). Tracking SDG7: The energy progress report 2025. World Bank. https://www.irena.org/Publications/2025/Jun/Tracking-SDG-7-The-Energy-Progress-Report-2025; and Poverty data from World Bank. (2025, October). Poverty & equity brief: Nigeria. World Bank. https://documents1.worldbank.org/curated/en/099253204222517873/pdf/IDU-3e010784-3371-4dcb-b923-112e98052ed9.pdf

[14] International Finance Corporation. (2019). The dirty footprint of the broken grid: The impacts of fossil fuel back-up generators in developing countries. https://www.ifc.org/en/insights-reports/2010/dirty-footprint-of-broken-grid

The case for greater production flexibility is also strengthened by timing. The International Energy Agency projects that global oil demand will plateau at around 105–106 million bpd by 2030, as accelerating electric-vehicle adoption, efficiency gains, and the substitution of oil in transport and power generation constrain demand growth. Electric vehicles alone are expected to displace an estimated 5.4 million bpd of oil demand by 2030.[16] For Nigeria, this creates a narrowing window in which existing oil reserves can be monetised at scale. The policy question is therefore not simply how much oil Nigeria can produce today, but whether it can maximise the value of its remaining reserves before global demand growth weakens further.

Nigeria's production-cost disadvantage reinforces this case. PwC's analysis of Rystad Energy data puts Nigeria's average oil production cost at $39.93 per barrel in 2019, compared with $34.23 per barrel in Saudi Arabia.[17] The cost gap limits Nigeria's ability to absorb prolonged production restraint or defer production in the hope of higher prices. As global demand growth slows, maintaining output from Nigeria's existing assets and improving their cost competitiveness become increasingly important to sustaining export earnings and attracting upstream investment. Taken together, these factors point to a structural mismatch between Nigeria's position and the Gulf's rentier model of production restraint.

Leaving OPEC would not guarantee higher oil revenues, nor would it eliminate the risks associated with price volatility. It would, however, give Nigeria greater flexibility to determine production according to its domestic energy needs, investment conditions, production costs, export requirements and the changing global demand outlook, rather than subjecting output decisions to collective supply-management constraints. Hence, the question is not whether Nigeria should produce oil without regard to market conditions, but whether it should retain the freedom to determine when additional production serves its national economic interest. The above evidence strongly supports that flexibility.

Transition from Crude Oil Exporter to Petroleum Products Exporter

For five decades, Nigeria operated a simple but inefficient petroleum model: export crude oil and import almost all of its refined petroleum products. The four state-owned refineries (Kaduna at 110,000 bpd, Port Harcourt I and II at a combined 210,000 bpd, and Warri at 125,000 bpd) have a combined nameplate capacity of 445,000 bpd. They consistently ran at close to zero utilisation and have been offline for long-term maintenance or rehabilitation since 2020,[20] leaving the country dependent on international markets for the petrol, diesel, and kerosene its economy consumed.

[19] PricewaterhouseCoopers Nigeria. (2020, April 29). Preserving value in challenging times: Oil and gas webinar [PowerPoint presentation]. PwC Nigeria. https://www.pwc.com/ng/en/assets/pdf/preserving-value-challenging-times.pdf
[20] U.S. Energy Information Administration. (2025, November 18). Country analysis brief: Nigeria. U.S. Department of Energy. https://www.eia.gov/international/content/analysis/countries_long/Nigeria/Nigeria-2025.pdf

That structure is now being dismantled. The Dangote Refinery, with a capacity of 650,000 bpd (which came online in May 2025), has altered the status quo.[21] Nigeria's total nameplate refining capacity has consequently risen to 1,095,000 bpd, of which roughly 650,000 bpd is operational. In May 2026, the country's crude oil output stood at approximately 1.53 million bpd, well below the roughly 2.595 million bpd of crude and condensate it produced in April 2012.[22] Because current crude output exceeds the volume of crude that operational refineries can process, the OPEC quota of 1.5 million bpd does not, on the surface, present an immediate physical bottleneck. This apparent headroom, however, conceals a deeper failure: domestic refineries are not receiving the crude they need even when national output appears sufficient. In the first quarter of 2026, the NUPRC reported that 61.9 million barrels of crude were allocated to domestic refineries under the Domestic Crude Supply Obligation (DCSO), while producers offered an even larger volume of 68.7 million barrels. Yet only 28.5 million barrels were actually delivered: a supply conversion rate of just 36 to 46 per cent. The Dangote Refinery has been hit hardest by this dysfunction. Its chief executive officer, David Bird, has confirmed that the plant consistently receives only 5 crude cargoes a month against an agreed allocation of 13 to 15 under the Crude-for-Naira programme. To keep the refinery running, Dangote has been forced to source Nigerian crude from the international spot market at premiums exceeding $18 per barrel and to import feedstock directly from abroad. The macroeconomic cost is already severe: Nigeria spent approximately $3.74 billion importing crude for the Dangote Refinery in 2025 alone, and the refinery planned to import a further 13.62 million barrels in May 2026. Every dollar spent on crude that Nigeria could have produced domestically drains external reserves, deepens pressure on the naira, and contradicts the core purpose of building local refining capacity. The root cause cannot be attributed to the quota alone: domestic crude-supply obligations, commercial terms, production disruptions and evacuation constraints also affect refinery deliveries, even when national output is near the quota. The quota constrains domestic allocation even before it becomes a hard cap on new production.

The pipeline of refining projects extends well beyond the Dangote facility. The Dangote Group plans to expand its refinery's capacity to 1.4 million bpd by 2028.[23] The Nigerian National Petroleum Company (NNPC) has signed a Memorandum of Understanding with two Chinese firms to restore and expand the Warri and Port Harcourt refineries, which possess a combined capacity of 335,000 bpd.[24] The BUA Group has partnered with Axens to build a greenfield 200,000-barrel-per-day refinery and petrochemical complex.[25] Petrolex has proposed a 250,000-barrel-per-day refinery at Ibefun, Ogun State; though delayed and without a clear timeline, the project remains officially listed as under construction.[26] Waltersmith is expanding its existing modular refinery in Imo State from 10,000 to 50,000 bpd.[27] Smaller but tangible additions to Nigeria's refining capacity are the Azikel Refinery (12,000bpd), the AIPCC Refinery (30,000 bpd), both under active construction, and the OPAC expansion from 10,000 bpd to 60,000bpd.[28] Apart from Dangote's 2028

[20] U.S. Energy Information Administration. (2025, November 18). Country analysis brief: Nigeria. U.S. Department of Energy. https://www.eia.gov/international/content/analysis/countries_long/Nigeria/Nigeria-2025.pdf
[21] U.S. Energy Information Administration. (2025). International energy data: Nigeria, petroleum and other liquids, crude oil including lease condensate (monthly production) [Data set]. U.S. Department of Energy. Retrieved [November 17, 2026], from https://www.eia.gov/international/data/country/NGA
[22] African Export-Import Bank. (2026, April 8). Afreximbank supports Dangote Group as it targets US$100 billion annual revenue by 2030. https://www.afreximbank.com/afreximbank-supports-dangote-group-as-it-targets-us100-billion-annual-revenue-by-2030/
[23] Nigerian National Petroleum Company Limited. (2026, May 3). Press release: NNPC, Chinese firms sign MoU towards restart, expansion of Warri, Port Harcourt refineries. https://nnpcgroup.com/insights/press-release-nnpc-chinese-firms-sign-mo-u-towards-restart-expansion-of-warri-port-harcourt-refineries
[24] Axens. (2020, September 1). PR – Axens selected for BUA Group integrated refinery and petrochemical project in Nigeria. https://www.axens.net/resources-events/news/pr-axens-selected-bua-group-integrated-refinery-and-petrochemical-project
[25] Petrolex. (n.d.). Redefining Africa's energy landscape. https://www.petrolex.com/
[26] Waltersmith Petroman Oil Limited. (n.d.). Petrochemicals & refining. https://waltersmithng.com/petrochemicals-refining/
[27] Nigerian Midstream and Downstream Petroleum Regulatory Authority. (2025). Fact sheet and statistics of the Nigerian petroleum industry. https://alps.blob.core.windows.net/nmdprawebsite/Statistics/Upload-80c82709-7f84-4cea-959e-668d6e6d030e.pdf; and OMSA Pillar Astex Company Limited. (n.d.). Your fuel is our responsibility. https://opacrefineries.com/

target, none of these projects has a confirmed completion date. If all are completed, Nigeria's installed refining capacity would reach 2,337,000 bpd, exceeding the current OPEC quota by 837,000 bpd.

Should Nigeria stay within a 1.5 million bpd quota when its domestic refineries could eventually need close to 2.34 million bpd of feedstock? The country faces a hard choice. One option is to keep importing crude to bridge the gap, as the Dangote Refinery is already doing. That has two costs. First, imported crude, converted at roughly ₦1,360 per US dollar, feeds directly into domestic petrol prices and exposes consumers to international benchmarks. Second, a permanent crude import bill would drain foreign-exchange reserves, accelerate naira depreciation and add to external debt-service pressure, with debt service already absorbing nearly half of government revenue. The alternative is to produce more crude at home. Nigeria's combined crude and condensate output of about 2.595 million bpd in April 2012 exceeded the projected refining capacity of 2,337,000 bpd, so the capacity has existed. But using it would mean producing close to 840,000 bpd above the quota. If Nigeria must systematically breach its quota to avoid expensive crude imports, membership offers little in return. Staying would make sense only if OPEC were willing to consistently raise Nigeria's quota above its domestic refining requirement. Otherwise, a managed exit is the option that best aligns Nigeria's downstream ambitions with its macroeconomic realities.

Nigeria Has No Fiscal Space to Subsidise Petrol

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Proposed Spending	4.65	4.99	4.7	4.49	6.06	7.44	9.12	8.92	10.81	13.59	16.39	20.51	43.56	49.74	58.47
Projected Revenue	3.13	4.1	3.73	3.41	3.86	5.08	7.17	6.97	8.42	7.99	10.13	9.73	34.38	36.35	33.2
Budget Deficit	1.52	0.89	0.97	1.08	2.2	2.36	1.95	1.95	2.39	5.6	6.26	10.78	9.18	13.39	25.27
Debt Service	0.56	0.59	0.71	0.95	1.48	1.84	2.2	2.25	2.95	3.32	3.9	6.56	8.27	16.33	15.91
Debt Service to Revenue Ratio	18%	14%	19%	28%	38%	36%	31%	32%	35%	41%	38.50%	67%	24%	45%	48%

Table 4: Annual Federal Government Budgets [₦ Trillions]: Proposed Expenditure, Projected Revenue, Budget Deficit, Debt Service Payments and Debt Service as % of Projected Revenue
Sources: Author's computation using data from the Budget Office of the Federation and BudgIT Foundation

From the 1970s until mid-2023, Nigeria accounted for petrol subsidies in its annual federal budget. However, the country's fiscal position has deteriorated so profoundly since 1971 that the state can no longer cushion consumers from high energy prices. In 1971, external debt was about $960 million (₦684 million at the prevailing exchange rate of ₦0.713 per $1), and external debt service absorbed only $94.47 million (₦67.357 million). By 31 December 2025, total public debt had ballooned to ₦159.28 trillion.[28] The federal budget deficit widened from ₦1.519 trillion in 2012 to ₦25.273 trillion in 2026, while debt service payments grew from ₦559.58 billion to ₦15.909 trillion over the same period. Consequently, the debt service-to-revenue ratio climbed from 17.9% in 2012 to 47.9% in 2026. Nigeria now spends nearly half of its government revenue servicing debt before a single naira is allocated to non-debt recurrent expenditure or capital projects.[29]

Nigeria's annual petroleum subsidy cost rose by 1,452%, from ₦257.36 billion in 2006 to ₦4.39 trillion in 2022. Between 2006 and 2015, cumulative subsidy payments reached ₦8.94 trillion.[30] If the 2022 subsidy level had been retained in 2026, it would have added ₦4.39 trillion to the ₦15.909 trillion debt service bill, bringing the combined burden to ₦20.299 trillion. Against projected 2026 federal revenue of ₦33.2 trillion, these two items alone would consume over 60 per cent of revenue, an alarming collapse of fiscal space. Furthermore, a litre of petrol averaged 6 kobo (₦0.06) in 1973 and has now risen to an average of ₦1,596 per litre in May 2026.[32] Therefore, subsidising petrol at its current price would be extremely expensive, given Nigeria's rising public debt obligations and dwindling fiscal space. The Tinubu administration's decision to remove the petrol subsidy in mid-2023 was the correct and unavoidable fiscal correction.[32]

In the absence of subsidies, the only sustainable path to cheaper domestic fuel is a supply-side solution: expanding crude production so that local refineries can be supplied at prices indexed to production cost rather than international import parity. If domestic crude deliveries remain below refinery requirements, Nigeria may need to import crude or reduce refinery throughput, exposing domestic petrol prices to the very international benchmarks that subsidy removal sought to rationalise (now without the fiscal transfers that once softened the blow). The state would then hold neither instrument: no fiscal room to subsidise, no freedom to produce (yet only one of those two constraints is self-imposed). Withdrawal, on these terms, is less a bid for revenue maximisation than the recovery of the only instrument still within Nigeria's reach for shielding 240 million citizens from the full force of international prices.



[29] Autogirl. (2024, January 29). Fuel price evolution in Nigeria from 1973 to 2024. Autogirl. https://autogirl.ng/fuel-price-evolution-in-nigeria-from-1973-to-2024-fuel-subsidies-and-its-effect-on-transportation/; and National Bureau of Statistics. (2025). Premium Motor Spirit (Petrol) Price Watch. National Bureau of Statistics Microdata Library. https://microdata.nigerianstat.gov.ng/index.php/catalog/157
[30] Tinubu, B. A. (2023, May 29). First inaugural address delivered at the Eagle Square, Abuja. https://statehouse.gov.ng/first-inaugural-address-by-president-bola-ahmed-tinubu-delivered-on-may-29-2023-at-the-eagle-square-abuja/
[31] Nigerian Upstream Petroleum Regulatory Commission. (n.d.). Oil production report. https://www.nuprc.gov.ng/reports/oil-production-report
[32] U.S. Energy Information Administration. (2025, November 18). Nigeria. U.S. Department of Energy. EIA — Nigeria country analysis

Addressing the Counterarguments

A credible case for withdrawal must confront the strongest objections to it. Three merit direct engagement.

Month Year	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026	Aug 2026	Sep 2026
Crude Oil	1.39	1.4	1.44	1.42	1.46	1.31	1.38	1.49	1.53	1.56	1.51	1.5	1.53
Condensate	0.19	0.2	0.16	0.12	0.17	0.17	0.16	0.18	0.17	0.18	0.17	0.18	0.19
Total	1.58	1.6	1.6	1.54	1.63	1.48	1.55	1.66	1.7	1.74	1.67	1.68	1.72

Table 5: Crude Oil & Condensate Production (million bopd) and
Source: Author's computation using data from the NUPRC Oil Production Report (2025, 2026)[1]



Figure 1: Nigeria Crude Oil Rigs. Source: Author's computation using data from Baker Hughes (2026)

Counterargument 1: Is the Quota Even Binding?

Sceptics note that Nigeria has frequently produced below its OPEC allocation. If domestic constraints, rather than the quota, are responsible for the shortfall, leaving OPEC would appear to offer little immediate economic benefit. The objection is valid, but it overlooks how significant a quota change would be as production constraints ease.

US EIA reported that Nigeria's historical underproduction reflected security disruptions, pipeline vandalism, infrastructure constraints, mature fields and underinvestment rather than an economically optimal production ceiling.[35] Therefore, the relevant question is not whether Nigeria previously reached its quota, but what happens as these constraints ease and production capacity recovers.

NUPRC–reported data suggests that this transition is already underway. NUPRC reported 1.49 million bpd of crude production in April 2026, while combined crude and condensate output peaked at 1.74 million bpd. The NUPRC said this performance indicated Nigeria's potential to reach 2 million bpd in the near term. EIA data showed that Nigeria previously recorded combined crude-oil-and-condensate production of about 2.595 million bpd in April 2012; this combined figure should not be compared directly with the crude-only OPEC quota.

The recovery is supported by improving operating conditions. NNPC reported major reductions in pipeline oil theft and near-complete crude-pipeline availability, while Baker Hughes reported that Nigeria's active rig count roughly doubled from about 9 in May 2025 to 18 by May 2026, indicating renewed upstream activity and investment.[36] These developments move Nigeria from a situation in which the quota was difficult to reach toward one in which it can increasingly become a binding constraint.

That transition is already visible. By September 2026, NUPRC reported that Nigeria's crude production had reached 1.53 million bpd, exceeding its 1.5 million bpd quota for a fifth consecutive month.[37] OPEC's compensation mechanism offers only conditional flexibility: members that exceed their allocations are subsequently required to compensate through additional cuts, while the alliance had accumulated roughly 139 million barrels of overdue compensation by April 2025.[38]

The case for withdrawal is therefore prospective. A quota that was once above Nigeria's constrained production can become a binding limit as successful reforms restore output. Exit would give Nigeria greater flexibility to convert that recovering productive capacity into higher production rather than allowing the quota to become the ceiling on the gains from those reforms.

Counterargument 2: Would Higher Output Depress the Price Nigeria Depends On?

Critics may argue that increasing Nigerian production beyond its OPEC quota could be self-defeating: additional supply could depress the international oil price and reduce the value of both the new barrels and Nigeria's existing exports. The concern is theoretically valid, but its practical significance depends on the scale of Nigeria's additional production relative to the global market.

[35] Nigerian National Petroleum Company Limited. (2025, August 25). Remarks by the Group Chief Executive Officer at the Energy and Labour Summit, Abuja. https://www.reuters.com/business/energy/nigerias-nnpc-says-pipeline-theft-has-been-nearly-eliminated-2025-08-25/; and Baker Hughes. (2026, July 2). Worldwide rig count report: June 2026. https://rigcount.bakerhughes.com/intl-rig-count
[36] Nigerian Upstream Petroleum Regulatory Commission. (2026). 2026: Daily average crude oil and condensate production—Thousand barrels per day (provisional). https://www.nuprc.gov.ng/upload/nuprc_reports/JAN_TO_JULY_BOPD_921e5122f3a2ed7f7f69fca9.pdf
[37] Rigzone. (2025, April 17). OPEC efforts at oil quota compensation look flimsy as ever. https://www.rigzone.com/news/wire/opec_efforts_at_oil_quota_compensation_look_flimsy_as_ever-17-apr-2025-180253-article/
[38] International Energy Agency. (2026, February). Oil market report – February 2026. https://www.iea.org/reports/oil-market-report-february-2026

An additional 1 million bpd, for instance, would represent less than 1% of the IEA-projected 108.6 million bpd global supply for 2026.[39] More importantly, Nigeria does not need to add the full 1 million bpd immediately to realise substantial production gains. The NUPRC has set a near-term production target of 2 million bpd: roughly 30.7% higher, or 470,000 bpd above Nigeria's September 2026 production of about 1.53 million bpd.[40] That incremental 470,000 bpd accounts for less than 0.5% of IEA-projected global supply. Consequently, while additional Nigerian barrels may exert some downward pressure on prices, the increment is unlikely, by itself, to generate a large and persistent change in global prices, although the effect would depend on current market conditions and responses by other major producers.

The price exposure is further reduced by Nigeria's expanding domestic refining capacity. As more refineries become operational, a growing share of incremental crude can be processed domestically rather than added to internationally traded supply. This would not insulate Nigeria completely from global oil-price movements, but it could reduce the volume of additional crude entering the global market and therefore moderate the potential price effect of higher Nigerian production.



The revenue case also remains resilient under a substantial price decline. If Nigeria increased production from its September 2026 crude output of roughly 1.53 million bpd to 2 million bpd, volume would rise by about 30.7%; if price fell by 20%, the simplified volume-price index would rise by about 4.6% [2/1.53 × 0.8 ≈ 1.046]. Applied to Nigeria's $31.54 billion in crude-export receipts in 2025, as reported by World Integrated Trade Solution, this would imply approximately $32.98 billion, an increase of about $1.44 billion.

[36] Nigerian National Petroleum Company Limited. (2025, August 25). Remarks by the Group Chief Executive Officer at the Energy and Labour Summit, Abuja. https://www.reuters.com/business/energy/nigerias-nnpc-says-pipeline-theft-has-been-nearly-eliminated-2025-08-25/; and Baker Hughes. (2026, July 2). Worldwide rig count report: June 2026. https://rigcount.bakerhughes.com/intl-rig-count
[37] Nigerian Upstream Petroleum Regulatory Commission. (2026). 2026: Daily average crude oil and condensate production—Thousand barrels per day (provisional). https://www.nuprc.gov.ng/upload/nuprc_reports/JAN_TO_JULY_BOPD_921e5122f3a2ed7f7f69fca9.pdf
[38] Rigzone. (2025, April 17). OPEC efforts at oil quota compensation look flimsy as ever. https://www.rigzone.com/news/wire/opec_efforts_at_oil_quota_compensation_look_flimsy_as_ever-17-apr-2025-180253-article/
[39] International Energy Agency. (2026, February). Oil market report – February 2026. https://www.iea.org/reports/oil-market-report-february-2026
[40] Nigerian Upstream Petroleum Regulatory Commission. (2026, July 12). Nigeria meets 104% of OPEC quota as production soars. https://www.nuprc.gov.ng/media/news/04290fca9f045a893c3daa9f

As an upside reference, returning to an assumed 2.5 million bpd would represent roughly a 63.39% increase over September 2026 crude output; with a 40% price decline, the simplified volume-price index would be about 0.98, or approximately 2% lower [2.5/1.53 × 0.6 ≈ 0.98]. These are illustrative scenarios rather than forecasts, and gross receipts should not be equated with government revenue; production costs, taxes, royalties and domestic supply obligations would determine the ultimate fiscal gain.

While higher output carries some price risk, the available evidence suggests those risks do not outweigh the gains from additional production. Rather than treating the OPEC quota as a rigid economic ceiling, Nigeria should calibrate its production to market conditions.

Counterargument 3: Does OPEC Membership Not Raise the Value of Nigeria's Limited Reserves?

This is the strongest objection to withdrawal, and it must be granted in part. OPEC exists to raise the value of its members' output through coordinated supply management, and the mechanism works: by restraining aggregate supply, the organisation supports prices above the level an uncoordinated market would produce. Nigeria, as a net exporter, receives those higher prices on every barrel it sells. Membership therefore delivers a real benefit, and the question is not whether that benefit exists but whether it exceeds what membership costs.

Three considerations suggest it no longer does. First, the benefit is shared in a way that disadvantages Nigeria. The price effect is generated largely by the volumes the group's biggest producers withhold, yet the resulting price is a world price, available to members and non-members alike. Nigeria contributes restraint in proportion to its quota but captures no premium in proportion to its sacrifice; Brazil, Canada and the United States receive the same benchmark price while under no obligation to restrain output at all. This is the free-rider problem that partly justified Nigeria joining OPEC in 1971, now operating against it. Second, the cost of price support falls more heavily on Nigeria than on the members the model was designed around. As set out above, a higher crude price reaches Nigeria twice: once as export revenue and again as a cost to households, manufacturers and refineries. A Gulf producer with negligible domestic consumption does not face the cost to the same degree. Part of the benefit of membership is therefore spent domestically before it reaches the national accounts. Third, the value being preserved is time-limited. Restraint today is worth its cost only if the deferred barrels can be sold later on comparable terms. With demand expected to plateau around 2030 and Nigeria's extraction costs above those of low-cost producers, the barrels held back may be sold into a weaker market or not at all.

Taken together, this does not show that membership delivers nothing. It shows that what it delivers is smaller than it appears, unevenly captured, and declining, while the costs it imposes on refining, foreign exchange and domestic energy prices are rising.

A middle path has been suggested: that Nigeria observe OPEC limits on its exports while producing freely for domestic use. This is not available under OPEC's rules. Quotas are set on crude oil production rather than on exports, so barrels refined at home count against the ceiling in the same way as barrels shipped abroad.[1] An earlier OPEC practice of assessing compliance on "supply" (domestic consumption plus net exports of crude and products) reaches the same result by a different route. Under either definition, a member cannot expand output to feed its own refineries while remaining within its allocation. The feedstock constraint described above is therefore a direct consequence of membership, and it cannot be engineered away from inside.

Conclusion

OPEC membership suited Nigeria in 1971. The country was a post-conflict exporter with one small refinery and almost no domestic demand, so higher crude prices were close to pure gain. That is no longer true. Nigeria is now a consumer-producer, with roughly 155 barrels of proven reserves per citizen, about 2% of Saudi Arabia's. Its export surplus of roughly 1.07 million bpd is already thinner than Qatar's, and it will narrow further as domestic consumption is expected to exceed 800,000 bpd by 2035. Higher crude prices now also reach households and firms through import-parity petrol at around ₦1,596 per litre, while debt service takes 47.9% of projected federal revenue, leaving little room to cushion consumers.

Membership still delivers something. Collective supply management has supported prices, and Nigeria gains from that support. But the gain is shared with non-members, is captured unevenly among members, and is likely to shrink as global demand plateaus around 2030. Against it, the costs are rising. Nigeria's crude output has exceeded the 1.5 million bpd quota for five consecutive months, and the Dangote refinery imported $3.74 billion of crude in 2025. Brazil shows that a consumer-producer can keep a voice in OPEC+ as a participant in the Charter of Cooperation without accepting a production ceiling.

On this evidence, the costs of membership now exceed its benefits, and the gap is likely to widen. That does not call for a sudden exit. Qatar, Angola and the UAE have each left since 2019, and Nigeria's departure should be sequenced, conditional on an independent assessment, and completed within a defined timeframe. The extra revenue from higher output should then fund diversification and non-oil revenue reform, so that the window for selling oil profitably is used rather than lost.

[41] Organization of the Petroleum Exporting Countries. (2024, December 5). 38th OPEC and non-OPEC Ministerial Meeting [Press release]. https://www.opec.org/pr-detail/28-05-dec-2024.html

Policy Recommendations

If the independent assessment supports withdrawal, the following sequenced measures are recommended:

1. Diplomatic Sequenced Withdrawal: Commission an independent economic, legal and diplomatic assessment, followed by Cabinet review of its findings. Formal notice should follow only if both support exit, and withdrawal should be completed within two to three years of that decision. Before the exit takes effect, Nigeria should seek participant status in the OPEC+ Charter of Cooperation, on the Brazilian model, so that it keeps a seat at the table without a production ceiling. It should also consult partners on contracts that reference quota compliance.

2. Production Targeting: Adopt the NUPRC's production goals of 2.0 million bpd by 2027 and 3.0 million bpd by 2030.[42] The first is about 31% above September 2026 output of 1.53 million bpd, and the second would put output above the April 2012 peak of 2.595 million bpd (crude and condensate). These goals should depend on three milestones: (a) stronger pipeline and wellhead security, with independent audit of crude losses; (b) full implementation of the Petroleum Industry Act 2021; and (c) a marginal-field licensing round by 2027.

3. Domestic Supply and Downstream Coordination: Legislate priority access for domestic refineries to incremental barrels above the former quota, priced at production cost plus a margin and paid in naira, without reviving the fuel subsidy. The regulator should coordinate feedstock allocation among refineries and publish monthly throughput and prices, with price caps only as a last resort if margins become excessive.

4. Fiscal Stabilisation: Strengthen or replace the Excess Crude Account and the NSIA stabilisation fund with a rules-based fund that saves oil revenue above a budget baseline price. Part of the extra revenue should fund non-oil revenue reform, including a wider VAT base and better customs administration.

5. Gas Monetisation and Export Diversification: Accelerate investment in gas gathering, processing, liquefaction and gas-to-power. This broadens export earnings, narrows the electricity gap that leaves some 86.8 million Nigerians without grid power, and hedges against the demand plateau expected around 2030.

Taken together, these measures would turn OPEC withdrawal from a symbolic gesture into a coherent economic strategy, aligning production policy with Nigeria's reserves, growing domestic energy needs, fiscal constraints and the changing outlook for global oil demand. The cartel served Nigeria well in 1971. It is no longer serving Nigeria.

[42] Nigerian Upstream Petroleum Regulatory Commission. (2026, January 14). Eyesan unveils transformative vision for upstream sector, promises improved efficiency, collaboration. https://nuprcdemo.nuprc.gov.ng/media/news/b2bbfabe5513ae846eda29cc